

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 ACDA-07 OMB-01  
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R 181928Z JAN 77  
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TO SECSTATE WASHDC 9614  
SECDEF WASHDC  
INFO USMISSION NATO BRUSSELS  
USCINCEUR  
USNMR SHAPE

C O N F I D E N T I A L LONDON 00918

E.O. 1L652: XGDS-1  
TAGS: MPOL, UK, NATO  
SUBJECT: SOME STATISTICS USED IN DEBATE ON UK DEFENSE  
SPENDING

REF: LONDON 621; LONDON 334

1. MICHAEL HARTE, HEAD OF DS-22 (HE IS RESPONSIBLE FOR PUTTING THE DEFENSE WHITE PAPER TOGETHER), IN A RECENT CONVERSATION INFORMED EMBOFF AGAIN THAT MANY DETAILS CONCERNING THE SPECIFICS OF FORTHCOMING CUTS "STILL REMAIN UNDECIDED." NONETHELESS, AS BULK OF WHITE PAPER IS COMPLETED IN DRAFT, HARTE GUESSES IT SHOULD BE READY FOR PUBLICATION AROUND MID-FEBRUARY.

2. PLEADING REAL IGNORANCE AT THIS TIME ABOUT SPECIFICS, HARTE REFERRED US TO MULLEY'S STATEMENTS DURING 12 JANUARY SUPPLY DAY DEBATE ON DEFENSE. THE STATISTICS HE USED ARE: (A) LAST CONSERVATIVE GOVERNMENT LEFT IN 1973 A DEFENSE PROGRAM INVOLVING INCREASES IN PROJECTED EXPENDITURE OF 22 PERCENT IN REAL TERMS ABOVE THE 74-75  
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LEVEL OVER 5-YEAR PERIOD; (B) THE EFFECT OF DEFENSE CUTS SINCE THEN HAS BEEN TO "SAVE" A TOTAL OF 8 1/2 BILLION POUNDS (AT 1976 SURVEY PRICES) OVER 10-YEAR PERIOD ENDING 83-84; (C) THE CUTS ANNOUNCED IN JULY AND DECEMBER 1976 OF 200 MILLION POUNDS IN 77-78 AND 230 MILLION POUNDS IN 78-79 AMOUNT TO 12 PERCENT OF THE TOTAL 3 1/2 BILLION POUNDS CUT IN PUBLIC EXPENDITURE; (D)

DEFENSE EXPENDITURE REPRESENTS 10 PERCENT OF TOTAL PUBLIC EXPENDITURE AND THE 430 MILLION POUNDS CUT REPRESENTS 3.8 PERCENT OF THE PREVIOUS DEFENSE PROGRAMS FOR 77-78 AND 78-79; (E) IN REAL TERMS AT 1976 SURVEY PRICES THE DEFENSE BUDGET IN NEXT TWO FINANCIAL YEARS WILL BE BETWEEN 5400 AND 5500 MILLION POUNDS; (F) UK IS STILL SPENDING HIGHER PORTION OF GNP ON DEFENSE THAN FRANCE AND WEST GERMANY (ALTHOUGH SLOW ECONOMIC GROWTH IN GNP MEANS UK ACTUALLY SPENDS LESS); AND (G) EVERY 10,000 POUNDS REDUCTION IN DEFENSE EXPENDITURE EQUATES ROUGHLY TO A REDUCTION OF ONE DEFENSE RELATED JOB. MULLEY ALSO ASSERTED THAT THE THREE CUTS MADE IN 1973 BY THE CONSERVATIVE GOVERNMENT, TOTALLING 250 MILLION POUNDS, AMOUNTED TO 439 MILLION POUNDS AT 1976 SURVEY PRICES AND HENCE "THEY CUT IN ONE YEAR FROM A LOWER TOTAL A BIGGER SUM THAN OUR POST-DEFENSE REVIEW REDUCTIONS OVER TWO YEARS."

3. HARTE PROMISES TO GIVE US DETAILS CONCERNING THE FORTHCOMING CUTS BEFORE THE WHITE PAPER IS PUBLISHED. OBSERVING THAT THE TOTAL OF ALL CUTS FOR 77-78 AND 78-79 AMOUNTED TO ALMOST 15 PERCENT OF A SINGLE YEAR'S DEFENSE BUDGET, HE WONDERED WHERE CUTS OF THIS SIZE COULD BE MADE WITHOUT EVENTUALLY IMPACTING ON UK OPERATIONAL CAPABILITIES.

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## Message Attributes

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**Enclosure:** n/a  
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**Errors:** N/A  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009